

Consumers Guide to Home Insurance



West Virginia Insurance Commission
Jane L. Cline, Commissioner

Consumer Service Division
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IMPORTANT CONTACT INFORMATION

General Information and Consumer Complaints 1-888-TRY-WVIC
(879 - 9842)
1-304-558-3386

Text Telephone 1-800-435-7381

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We're Here to Serve You!

Guaranty funds are established by state law and are composed of licensed companies in the state. They pay the claims of policyholders and other claimants if a company becomes insolvent.

If you are contacted by an unlicensed agent or company, call our office immediately so that regulatory action can be taken. By doing so, you may protect someone less knowledgeable than you from being victimized.

West Virginia FAIR Plan

If you are unable to locate homeowner insurance, have your agent contact the West Virginia FAIR Plan. The FAIR Plan makes basic property insurance available to persons who have been unable to secure such insurance in the voluntary market. The maximum limit of insurance available for habitational occupancy dwellings is \$100,000 and \$300,000 for commercial occupancy dwellings. There is NO liability coverage available through the FAIR Plan.

You should be aware that a home insurance policy is a legal contract. It is written so that your rights and responsibilities as well as those of the insurance company are clearly stated. When you purchase home insurance, you will receive a policy. You should read that policy and make certain you understand its contents. If you have questions about your insurance policy, contact your insurance agent or company for clarification. Keep your policy in a safe place and know the name of your insurer. If you still have questions, call our office.

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Price Quotations

When shopping for home insurance, premium quotations are a useful tool for comparison of different companies' products. It is crucial that you provide the same information to each agent or company.

To give you an accurate quote the agent or company will usually request the following information:

- description of your house;
- distance from the nearest fire department and fire hydrant;
- square footage;
- security devices;
- a picture of your home;
- the coverages; and
- limits you want.

This information is necessary to the rating process.

Remember, a quote is just a quote. Once the underwriting information is reviewed by the company it may affect the amount of the premium, making it higher or lower.

For Your Protection

Before signing an application for any insurance coverage, call our office and verify that the company and the agent you are dealing with are licensed in this state. It is illegal for unlicensed insurers to sell insurance. Business cards are not proof of a licensed insurance agent or company. If you do business with an unlicensed agent or company, you will have no guarantee that the coverage you pay for will ever be honored and you will not be protected by the guaranty fund should the company fail.



A Message from the Insurance Commissioner



Dear Consumer:

Our homes often represent the largest investment we will ever make. One of the best ways to protect that investment is through the purchase of homeowners and tenant insurance. Disasters, theft, and unexpected losses to our home and property can be devastating. Having the proper insurance coverage in place will help ease the economic and emotional hardship for you and your family.

This guide provides important information on the types of policies available and how to determine the proper coverage needed.

Whether you own or rent your home, this guide will provide the necessary information to help you shop wisely and make sound insurance decisions.

Jane L. Cline
Insurance Commissioner

Why Buy Home Insurance?

Owners: to protect your house and personal property.

Tenants: to protect your furniture and other personal property.

Everyone: protection against liability for accidents that injure other people or damage their property.

Basic Coverages Available

Whether you own or rent, there are different policies of home insurance offered to protect your home and personal property.

Standard types of insurance coverages on your home or apartment offer protection against the financial loss you might suffer if any of the following events occur:

- fire, windstorm, hail, vandalism, smoke damage and other physical damage to your home or personal property;
- theft of your personal property;
- someone gets injured on your property due to your negligence or that of a member of your family; or somebody else's property is damaged as a result of your negligence.



Smart Shopping

The key to comparison shopping is to know what insurance coverages you need before you start and then to find out how much those coverages will cost from a number of insurers. Comparison shopping takes time but will save you money.

Different companies charge different rates for the same coverage.

No one wants to pay more for their home insurance than they absolutely have to. The only way to make certain you are not paying too much is to shop around. Find out what different insurers charge for identical products and services.

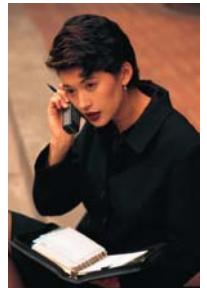
Where to Shop

When you begin to contact insurers, there are a few things you should know about how insurance companies market their products.

Most insurance companies and many agents advertise. Check the newspaper and yellow pages of the telephone directory for companies and agents in your area. In addition, contact your neighbors, relatives and friends for recommendations on insurance companies and agents.

Consumers often rely on their insurance agent or company to tell them what kind of coverage they need. Insurance agents are paid on a commission basis.

Remember, competition only works if the consumer shops for coverage. However, call our office before you switch to make sure that you are not giving up consumer protection you may currently have with your existing policy.



- **Mine Subsidence**

Mine subsidence coverage is available to protect consumers from loss to dwellings caused by man-made underground coal mines.

- **Flood Insurance**

Standard home insurance policies do not cover flood damage. Depending on where your home is located, you may qualify for insurance through the National



Flood Insurance Program. Your agent or insurance company can assist you with application forms for flood coverage. If your home is located in a flood plain, your lender may require flood insurance. Just because your home is not in a designated flood plain don't assume you will never incur flood damage. For more information about federal flood insurance, contact the National Flood Insurance Program at 1-800-638-6620.

- **Earthquake Insurance**

Earthquake insurance is available through most insurance companies at an additional cost. It is normally issued as an endorsement and attached to your home insurance policy.

- **Windstorm Coverage**

Most home insurance policies cover damage caused by windstorm and hail. However, many have a different type of deductible.



Each policy usually includes several different types of coverage:

- Property protection for physical loss or damage to the dwelling structure of your home; additional structures on your property and personal property (contents of your home and personal belongings);



- additional living expenses in the event you are unable to continue occupying your home due to a covered loss;
- personal liability if you injure someone or damage their property;
- medical payments if someone is injured on your property.

Property Protection

Coverage for property protection helps pay for physical loss or damage to the dwelling structure of your home and additional



structures on your property such as tool sheds and detached garages. It also covers damage to your personal property which is the contents of your home and personal belongings owned by you or family members who live with you.



Coverage on the additional structures and your personal property is a percentage of the coverage you carry on your dwelling up to a specified dollar amount. You should check with your agent or your insurance company to determine if the amount of coverage on this property is sufficient.

Coverage for personal property is usually issued on an actual cash value (ACV) basis. This means you will not receive the full amount needed to repair or replace the property that has been damaged or stolen unless you purchased a guaranteed replacement cost endorsement.

Some types of personal property, such as, silverware, computers, guns money, expensive antiques and jewelry, have limited coverage under your homeowner policy and may need additional insurance. This coverage can be added to your policy as an endorsement.

Most home insurance policies do not cover any motorized vehicles. Your insurance agent or your insurance company can help you find appropriate coverage for your car, boat, snowmobile or other recreational equipment.

Additional Living Expenses

Most home insurance policies provide additional living expenses that will pay some expenses if your home is damaged by an insured event to the extent that you cannot live there while repairs are being made. These expenses could include limited motel, restaurant and warehouse storage. Coverage on additional living expenses are covered up to a percentage of the coverage you carry on your dwelling. You should check with your agent or your insurance company to determine if the amount of coverage for additional living expenses is sufficient.



Even if you have this endorsement on your policy, you should check your coverage limits periodically to make sure you are adequately, but not excessively, insured.

- **Scheduled Personal Property Endorsement**

This endorsement is sometimes called a “personal article floater.” A personal article floater covers possessions such as jewelry, furs, stamps, coins, guns, computers, antiques and other items that may exceed normal limits in your regular home insurance policy. A personal article floater itemizes each article, gives a description of the article insured and lists excluded perils. It often provides coverage that is broader than the coverage granted in the home insurance policy.



- **Increased Limits on Money and Securities**

This endorsement increases the coverage on money, bank notes, securities, deeds, etc.

- **Secondary Residence Premises Endorsement**



Homeowners coverage under this endorsement applies to a secondary residence (example: summer home). Remember that these secondary residences are **not** automatically covered by the home insurance policy on your primary or principal residence.



- **Special Condominium Form (HO-6)**

This form is specifically designed for condominium unit owners and is not offered by all insurance companies. It provides coverage for the contents of the apartment and the interior of the owners unit, not the apartment structure. It also provides coverage for personal liability, medical payments and additional living expenses.

Optional Coverages You May Wish to Consider

- **Guaranteed Replacement Cost Coverage**

Guaranteed replacement cost coverage is the most complete coverage for your home. To obtain this type of coverage, you typically must meet specific underwriting rules and conditions of the company. This may include increasing the amount of your insurance on a yearly basis to keep up with the inflation rate. Check with your insurance agent to determine if an additional premium is required and if there are exclusions or conditions that apply.

- **Inflation Guard Endorsement**

If the replacement cost of your home is increasing with inflation, your policy limits must be periodically increased.

To aid you in keeping coverage at an adequate level, some companies offer an “Inflation Guard Endorsement.” This endorsement will allow your insurance company to automatically change your policy limit at renewal which will result in a higher premium.



Personal Liability

This coverage protects you against a claim or lawsuit resulting from (non-auto and non-business) bodily injury or property damage to others caused by your negligence. This coverage applies to you and your family members who live with you. Policies have a specified amount of personal liability coverage. You should check with your agent or insurance company to determine if your amount of personal liability coverage is sufficient.

Medical Payments

Regardless of who is at fault, this coverage pays medical expenses for persons accidentally injured on your property by a member of your family or your pets. Medical payments do not apply to your injuries or those of family members living with you or activities involving your at-home business. Policies have a specified amount of medical payments coverage. You should check with your agent or insurance company to determine if your amount of medical payments coverage is sufficient.



Insurance Forms

An insurance form is another name for a type of insurance policy, and it specifies what perils (causes of loss) your home and personal property (contents) are insured against. The following are descriptions of the most common insurance forms available for homeowners, renters and condominium owners. Not all insurers use these exact terms to describe their home insurance forms; however, the coverage provided will be similar.



- **Types of Homeowners Policies Available**

There are six basic types of homeowners insurance policies; each tailored to give different amounts of protection. All are basically the same from company to company, although they may be titled differently.

- **The Basic Form (HO-1)**

This form protects your home and contents against



the perils of: fire, lightening and smoke damage; windstorm and hail; theft; explosion; glass breakage; damage by vehicle or aircraft; riot and civil commotion; vandalism and malicious mischief.

It also provides coverage for personal liability, medical

payments and additional living expenses. Very few insurance companies sell this policy and most offer comprehensive policies, such as the HO-3.

- **The Broad Form (HO-2)**

In addition to the benefits of the basic form (HO-1), this form also protects your home and contents for: falling objects; weight of ice and snow; freezing, rupture or accidental discharge of water or steam from within a plumbing, heating or air conditioning system or domestic appliance; electrical damage to appliances.



- **The Special Form (HO-3)**

This form covers your home for all risks of physical loss, except those that are specifically excluded, such as flood and earthquake. You should check your policy for a complete listing of the excluded perils. Coverage for loss of your home's contents is also covered for many of the same perils for which your home is covered. It also provides coverage for personal liability, medical payments and additional living expenses. This form is the most widely used policy by homeowner insurance companies. It is becoming the standard homeowners policy and many lending institutions recommend buying it.

- **The Tenants Broad Form (HO-4)**

This form covers only the contents of your home or apartment. There is no coverage for the dwelling as that is the owner's responsibility and should not be insured by a tenant. It also provides coverage for personal liability, medical payments and additional living expenses.



- **The Comprehensive Form (HO-5)**

This form covers your home for the same risks as the HO-3. In addition your contents would also be covered for all risks of physical loss, except those that are specifically excluded. This extra protection may also be provided by purchasing a HO-3 policy with the "Special Personal Property" endorsement.

